

Corporate Law & Other Related Laws

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MCA Widens the scope of fast-track mergers under the Companies Act, 2013 by amendment in Companies (Compromise, Arrangements and Amalgamations) Amendment Rules, 2025.

The Ministry of Corporate Affairs (MCA) vide its notification has notified “the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025” further to amend the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. These rules shall come into force on the date of their publication in the Official Gazette. The amendments provide

1. Notice Requirements

- Companies proposing a fast-track merger under Section 233 must issue notice in Form CAA.9.
- If regulated by RBI, SEBI, IRDAI, or PFRDA, notice must also be sent to the respective regulator and stock exchanges (for listed companies) for objections/suggestions.

2. Expanded Fast-Track Merger Eligibility

New categories added under sub-rule (1A):

- (iii) Merger between two unlisted companies (excluding Section 8 companies) where:
 - Combined outstanding loans, debentures, or deposits ≤ ₹200 crore.
 - No defaults in repayment.
 - Auditor’s certificate in Form CAA-10A is required
- (iv) Merger between a holding company and its subsidiary (both listed or unlisted), provided the transferor is not listed.

- (v) Merger between subsidiaries of the same holding company, again only if transferor companies are unlisted.

Section 233 empowers Central Government (MCA) to prescribe, by way of rules, additional classes of companies who can avail such fast-track process. To facilitate ease of doing business and allow small companies and start-up companies to avail such fast-track procedure, amendment was made in the year 2021 in the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (CAA Rules) to extend the scope of fast-track process for merger/demergers between

- two or more start-up companies and
- one or more startup company with one or more small company.

Subsequently through amendment made in CAA Rules in September 2024, merger of a transferor foreign company incorporated outside India being a holding company with the transferee Indian company being its wholly owned subsidiary company incorporated in India (reverse flipping) has also been allowed through fast-track merger procedure.



MCA issues Clarification On holding of Annual General Meeting and Extraordinary General Meeting through Video Conference or Other Audio-Visual Means.

The Ministry of Corporate Affairs has issued general circular no. 03/2025 dated September 22, 2025, pertaining to clarification on holding of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio-Visual Means (OAVM) and passing of Ordinary and Special Resolutions by the Companies under the Companies Act, 2013, read with rules made thereunder. According to the circular, it has companies to conduct their AGMs through VC or OAVM, till further orders, in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular no. 20/2020 dated 05.05.2020.

Extension of time for filing e-form DIR-3-KYC and web-form DIR 3-KYC-WEB without fee

The Ministry of Corporate Affairs has issued general circular no. 04/2025 dated September 29, 2025, specifying extension of time for filing e-form DIR-3-KYC and web-form DIR 3-KYC-WEB without additional fee upto 15.10.2025.

IEPFA Proposes Simplified Documentation for Low-Value Claims to Enhance ease of living

The Investor Education and Protection Fund Authority (IEPFA), under the Ministry of Corporate Affairs, had formed a Committee to review existing

procedures and recommend reforms for simplifying documentation in low value claim cases. This initiative was expected to significantly reduce timelines, improve transparency, and provide hassle-free services to investors. The Committee comprised representatives from the MCA, IEPFA, SEBI, ICAI, ICMAI, ICSI, FICCI, PHDCCI, CII, and the Registrar Association of India (RAIN). The Committee had submitted its report to the IEPFA. The suggestions, once adopted by IEPFA, would have been applicable to claims valued up to ₹5 lakh (physical securities), ₹15 lakh (demat securities), and dividends up to ₹10,000, as suggested by the Committee.



Adjudication of Penalty under Section 454 of the Companies Act, 2013 (The Act) for violation of section 203(5) of The Companies Act.

The Ministry of Corporate Affairs, through Gazette Notification S.O.831(E) dated 24/03/2015, appointed the undersigned as Adjudicating Officer under Section 454 of the Companies Act, 2013, read with the Companies (Adjudication of Penalties) Rules, 2014. As per Section 203 of the Act, every company with a prescribed paid-up capital must appoint a whole-time Company Secretary. Failure to comply attracts penalties: ₹5 lakh for the company, ₹50,000 for each defaulting director or key managerial personnel, and in case of continuing default, an additional ₹1,000 per day (up to ₹5 lakh) for the company and ₹100 per day (up to ₹50,000) for each officer.

Green Power Sugars Limited (CIN: U15421PN2006PLC022248) had a paid-up capital of ₹131.31 crore as per its financial statements for FY 2018–2022. However, the company failed to appoint a Company Secretary from 02/11/2018 to 04/10/2022, thereby violating Section 203. The company filed a Suo moto application for adjudication, accepted the default, and cited lack of professional advisory services and its remote location as reasons for non-compliance. It has since appointed a Company Secretary and filed e-Form DIR-12 (SRN: F29120243). In response to the show cause notice dated 11/08/2025 (Notice ID: SCN/ADJ/07 2025/PU/02265), the company submitted replies through Advocate. It was argued that Non-Executive and

Independent Directors should not be held liable due to lack of operational involvement, supported by General Circular No. 1/2020 and various Supreme Court judgments. Upon review, Mr. Sangram Sampatrao Deshmukh, Mrs. Aparna Sangram Singh Deshmukh, and Mr. Hanamantrao Shamrao Jadhav were identified as officers in default during the relevant period.

As the company does not qualify as a small company under Section 2(85), it is not eligible for relief under Section 446B. Therefore, after considering all facts, submissions, and legal provisions, penalties are imposed on the company and its officers in default under Rule 3(12) and 3(13) of the Companies (Adjudication of Penalties) Rules, 2014. The penalty must be paid within 90 days of receipt of this order.



The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025

The Securities and Exchange Board of India (SEBI) vide its notification No. F. No. SEBI/LAD-NRO/GN/2025/261 dated 08th September 2025, has notified “the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025” which shall come into force on the date of their publication in the Official Gazette. According to the amendment inter alia provides:

- A new sub-regulation 2A is inserted in regulation 39 stating: The listed entity shall issue securities pursuant to any Scheme of Arrangement or any subdivision, split or consolidation of securities only in the dematerialised form. Provided that the listed entity shall open a separate demat account for such securities of investors not having a demat account.
- sub-regulation (1) to regulation 91C which is stating norms pertaining to disclosures by a not-for-profit organisation is substituted and specified timelines for making annual disclosures to the Social Stock Exchange(s).



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